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Morocco

Grain and Feed Update

Update

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Report Highlights:

In July 2013, Morocco issued its final cereal production estimate for MY 2013/14 crop at 9.70 million MT. This total is about 91.3 percent higher than production level in the previous year and includes 5.10 million MT of common wheat, 1.90 million MT of durum wheat and 2.70 million MT of barley. Morocco's total wheat imports in MY 2012/13 were estimated at 3.777 million MT, about 6 percent higher than the quantities imported in MY 2011/12. In MY 2012/13, France continued to control the Moroccan common wheat market, with 43 percent share of the market, while the U.S. supplied 3 percent of the market for the first time since 2011. Canada was the sole supplier of Morocco's durum wheat in MY 2012/2013. Effective 2013, Morocco authorized feed wheat imports. For MY 2013/2014, Post estimates Morocco's wheat import to reach only 2 million MT and barley import to reach 200,000 MT. With large crop and high previous import, Morocco's wheat imports may not resume before 2014. Effective May 1, 2013, common wheat import duties were reestablished at 17.5 percent. Durum wheat import duties will be 170 percent in June and July, then lowered to 2.5 percent effective August 2013.

Post:
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Production:

The harvest of the MY 2013/14 grain crops in Morocco was completed in mid-July. By the end of July, the Ministry of Agriculture issued its final estimate for total cereal production at 9.70 million MT. This production level represents an increase of about 91.3 percent compared to production in the previous year. It consists of 5.10 million MT of common wheat, 1.90 million MT of durum wheat and 2.70 million MT of barley. For MY 2013/2014 crop, wheat planted area is estimated at 3.28 million HA, of which 2.24 million HA common wheat and 1.04 million HA durum wheat, while area planted with barley was estimated at 1.69 million HA.

The table below shows the breakdown of Morocco's grain production by marketing year.

Production of Wheat and Barley (1,000 MT)

Marketing Year Crop	Durum Wheat	Common Wheat	Total. Wheat	Barley	Total Production
2009/2010	2,100	4,300	6,400	3,800	10,200
2010/2011	1,640	3,247	4,887	2,570	7,457
2011/2012	1,850	4,170	6,020	2,340	8,360
2012/2013	1,130	2,740	3,870	1,200	5,070
2013/2014	1,900	5,100	7,000	2,700	9,700

Source: Ministry of Agriculture data /

It should be noted that Post preliminary estimates of total grain production for the MY 2013/2014 crop have been revised upward in the PS&D table, from 5.9 million MT to 7.00 million MT for wheat, and from 2 million MT to 2.70 million MT for barley. Post estimates have been aligned to the Moroccan government's official estimates.

The overall quality of the MY 2013/2014 wheat crop is reported to be satisfactory, although there have been some concerns due to mid-April rainfall, which preceded the harvesting season. However, low temperatures during harvest helped mitigate the negative impact of the moisture on the crops. The average specific weight of MY 2013/2014 common wheat is reportedly good (79.5 kg/HL), compared to the average (77 Kg/HL), and has a small percentage of impurities.

On average 50 to 60 percent of Morocco's common wheat is collected via official channels (authorized grains merchants, grains cooperatives, and wheat millers). In MY 2013/2014, the Moroccan Office of Cereal and Pulses (ONICL) is projecting to collect 2.8 to 3 million MT of common wheat, which represents 54 to 58 percent of domestic production. As of July 22, the quantity of common wheat collected from farmers by the National Office of Cereal (ONICL) is estimated at 1.46 million MT, about 16 percent higher compared to the previous season.

Trade: Wheat

Morocco's wheat imports (common and durum) in MY 2012/13 totaled 3.777 million MT, about 6 percent higher than the quantities imported in MY 2011/12. Morocco's wheat imports were higher due to a smaller local crop. In addition, Morocco established an import restitution (subsidy) scheme to support common wheat import prices between October 1, 2012 and April 30, 2013. Morocco's wheat imports in MY 2012/2013 consisted of 3.016 million MT of common wheat and 761,200 MT of durum wheat. France continued to control the Moroccan common wheat market, with a 43 percent market share, while Canada remained the leading supplier of durum wheat, with a 100 percent share of the market in MY 2012/2013. Ukraine was the second largest common wheat supplier with a 25 percent market share. In MY 2012/2013, Romania and Bulgaria were new common wheat suppliers to the Moroccan market and represented 6.6 and 4.6 percent market share respectively.

In April 2013, U.S. exports of common wheat made a noticeable return to the Moroccan market after being absent since April 2011, with 88,000 MT. U.S. common wheat exports to Morocco occurred outside the tariff rate quotas (TRQs) of the Free Trade Agreement FTA.

Table 1: Morocco's Common and Durum Wheat Imports by Country of Origin (in MT)

Marketing Year	2009/2010	2010/2011	2011/2012	2012/2013
Wheat Import/Origin	MT	MT	MT	MT
Common wheat import	1,620,957	3,222,005	2,913,600	3,016,000
U.S.A	331,308	406,708	-	88,000
France	1,135,593	2,023,915	1,429,500	1,292,300
Argentina	-	298,300	576,300	11,900
Uruguay	-	-	538,800	26,400
Russia	-	-	153,100	175,200
Ukraine	-	-	91,100	757,500
U.K	41,710	44,906	24,900	-
Lithuania	22,000	6,760	17,400	52,400
Canada	-	-	12,600	14,000
Germany	34,887	134,386	-	253,300
Bulgaria				139,000
Romania				199,100
Durum wheat Import	547,306	753,327	649,700	761,200
U.S.A	72,967	-	-	-
Canada	474,339	577,333	365,100	761,200
France	-	123,622	187,400	-
Argentina	-	8,600	97,200	-
Australia	-	43,772	-	-
Greece	-	-	-	-
Total wheat Import	2,168,263	3,975,332	3,563,300	3,777,200

Source: Official Moroccan Trade Date (MY July/June)

Morocco's imports of common wheat in April 2013 exceeded one million MT. This is the highest

monthly wheat imports since March 2011. Analysts believe that Morocco boosted its wheat import in April to rebuild its strategic wheat reserve, which were running low as of March, 2013. By the end of April, Morocco's wheat reserve totaled 1.79 million MT, which covers more than four months of its strategic wheat requirements.

Given the large wheat reserve and production, Morocco's wheat imports may not resume before 2014. Post estimates of total wheat import in MY 2013/2014 have been revised down in the PS&D tables, from 2.7 million MT to 2.00 million MT.

Between January and April 2013, Morocco imported 37,694 MT of feed quality wheat from France, which represents 2.3 percent of its total wheat imports. Morocco imported feed wheat, which served as a temporary substitute for corn feed. The factors that affected the feed wheat import were mainly low prices and small size shipments. Prior to 2013, Morocco was not authorizing imports of feed wheat (HC: 1001909011). Morocco's import duties for feed wheat are 2.5 percent, compared to 17.5 percent for human grade wheat. On June 18, 2013, Morocco lowered the value added taxes (VAT) for animal feed including feed wheat, from 20 to 7 percent.

Currently, Morocco's feed wheat imports are not dependent on pasture conditions, since feed wheat is mainly used for poultry feeding. Morocco's subjects imported feed wheat to a colorant tracer (E142) to prevent its utilization for human consumption.

Barley:

In MY 2012/2013, Morocco's barley imports totaled 119,600 MT, a decline of 80.4 percent, compared to MY 2011/2012. Improved rainfall increased pasture coverage and hence lowered feed barley demand in MY 2012/2013. In MY 2012/2013, France supplied 89.6 percent of Morocco's barley imports. In MY 2012/2013, Post estimated Morocco's barley imports at 120,000 MT compared to the preliminary USDA official estimate of 250,000 MT. For MY 2013/2014, Post estimates barley imports will be around 200,000 MT.

Table 3: Morocco's Barley Import by Country of Origin (1,000 MT)

Marketing Year*	2009/2010	2010/2011	2011/2012	2012/2013
France	87.6	117.6	231.6	107.2
Russia			55.6	
Ukraine	79.6	5.2	57.1	6.7
Australia		0.0	5.5	
Spain		7.2	1.9	
United States		12.0	24.6	
Turkey	27.3		63.9	
Argentina			161.8	
Finland			9.0	
Others				5.7
World	194.5	142.0	611.2	119.6

Source: Official Moroccan Trade Data/* MY: July/June.

Morocco's local barley production normally covers about 80 to 90 percent of its domestic demand with

imports making up the rest. Given that only a small portion of locally produced barley goes through official collection channels, it is difficult to have a realistic stock estimates.

Policy:

For the MY 2013/2014 wheat crop, Morocco has renewed its measures of price support to help farmers market their harvest. These measures included setting up a reference price for purchasing local wheat at 2800 dirham/MT (\$330/MT). In addition, Morocco provides a biweekly storage premium of 20 dirham per MT for farmers to store their wheat at facilities licensed by the National Cereal Office (ONICL). The period for marketing the local wheat crop, in which the price of reference and the storage premium applies is effective June 1, until October 31, 2013.

In general, the government tends to protect the local crop by maintaining the wheat import duties. In this perspective, Morocco reestablished its common wheat import duties to 17.5 percent effective May 1, 2013. The government has not announced the period in which common wheat import duties will be effective. Analysts believe common wheat import duties will be effective until the end of 2013. Under the FTA, the preferential access tariff rates for U.S. wheat exports are set at 5.2 percent for common wheat. Effective June 1 until July 31, 2013, import duties for durum wheat will increase from 2.5 to 170 percent. Effective August 1, durum wheat import duties will be lowered to 2.5 percent.

Tariff Rate Quota (TRQ) for MY 2013/2014

Given the size of Morocco's MY 2013/2014 wheat crop, the TRQs for U.S. common wheat exports under the FTA are set at their minimum level of 386,667 MT for CY 2014. The TRQs for U.S. durum wheat exports are set at 330,000 MT for CY 2014.

In CY 2013, the TRQ for U.S. common wheat of 548,592 MT was rendered ineffective due to an import duty suspension. Between January and July 2013, the Government of Morocco did not administer any TRQ for U.S. common wheat. Given Morocco's large common wheat harvest, The government is not likely to successfully administer a TRQ for wheat until 2014.

For Durum Wheat, Morocco tendered unsuccessfully 320,000 MT on two tranches to fulfill its TRQ obligations for CY 2013. U.S. durum wheat quota will be 330,000 MT for CY 2014.

Production, Supply and Demand Data Statistics:

Wheat, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Wheat Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested(1000HA)	3,040	3,040	3,142	3,142	3,280	3,280
Beginning Stocks	2,775	2,775	3,100	3,518	1,870	2,645
Production	5,800	5,800	3,870	3,870	6,800	7,000
MY Imports	3,205	3,563	3,300	3,777	2,000	2,000
TY Imports	3,205	3,563	3,300	3,777	2,000	2,000
TY Imp. from U.S.	0	0	0	88	0	300
Total Supply	11,780	12,138	10,270	11,165	10,670	11,645
MY Exports	180	120	200	170	200	200
TY Exports	180	120	200	170	200	200
Feed and Residual	500	500	100	150	200	100
FSI Consumption	8,000	8,000	8,100	8,200	8,200	8,300
Total Consumption	8,500	8,500	8,200	8,350	8,400	8,400
Ending Stocks	3,100	3,518	1,870	2,645	2,070	3,045
Total Distribution	11,780	12,138	10,270	11,165	10,670	11,645
Yield (MT/HA)	2.	1.9079	1.	1.2317	2.	2.1341

Barley, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Barley Morocco	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	USDA Official	New Post	USDA Official
Area Harvested(1000HA)	2,025	2,025	1,893	1,893	1,690	1,690
Beginning Stocks	984	984	775	782	325	202
Production	2,340	2,340	1,200	1,200	2,600	2,700
MY Imports	558	558	250	120	250	200
TY Imports	536	536	250	90	250	200
TY Imp. from U.S.	0	0	0	0	0	25
Total Supply	3,882	3,882	2,225	2,102	3,175	3,102
MY Exports	7	0	0	0	0	0
TY Exports	7	0	0	0	0	0
Feed and Residual	2,100	2,100	1,200	1,200	2,000	2,000
FSI Consumption	1,000	1,000	700	700	800	800
Total Consumption	3,100	3,100	1,900	1,900	2,800	2,800
Ending Stocks	775	782	325	202	375	302
Total Distribution	3,882	3,882	2,225	2,102	3,175	3,102
Yield (MT/HA)	1.	1.1556	1.	0.6339	2.	1.5976